GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:408
ANSWERED ON:12.05.2006
LOAN UNDER PMRY
Barad Shri Jashubhai Dhanabhai;Meghwal Shri Kailash

Will the Minister of FINANCE be pleased to state:

(a) the number of cases sponsored by various State Governments for bank loans under Prime Minister Rozgar Yojana (PMRY) and allied schemes during the last three years;

(b) the number of cases finalised for sanction of bank loans and the number of cases in which disbursements made during the same period, State-wise;

(c) whether the progress is considered to be satisfactory;

(d) if not, the steps proposed to be taken ljy Government in this regard;

(e) whether the loan taken under PMRY is not refunded by the people and the amount utilized for other porposes as; reported in Dainik Jagran dated April 14, 2006; and

(f) if so, the facts of the: matter and the action taken by the Government thereon?

Answer

(FINANCE MINISTER) (SHRI P. CHIDAMBARAM)

(a), (b), (c), (d), (e) & (f) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A}, (B), (C), D), (E) & (F) OF hOK SABHA STARRED QUESTION KO.408 FOR 12TH MAY, 2006 REGARDING LOANS UNDER PMRY TABLED BY SHRI JASUBHAI DHAN A EHAI BARAP and SHRI KAILASH MEGKWAL:

(a), (b) & (c); The State-wise detaiJs of the loan applications received, sanctioned and disbursed under Prime Minister Rozgar Yojana (PMRY), Swarnjayanti Gram Swarozgar Yojana (SGSY) and Swarna Jayanti Shahari Rozgar Yojana (SJSRY) for the last three years are given at Ainnexure-I, Il & Ill respectively. The progress under these schemes is indicted at Annexure-IV.

(d): The steps initiated by the Government/Reserve Bank of India for improvement of performance of PMRY, SGSY and SJSRY are given below :-

(i) A time frame has been laid down for receipt of applications from the District Industry Centres(DICs) and thereafter sanction and disbursements of loans of banks,

(ii) Banks have been instructed to dispose of applications for loans up to Rs. 25000 within 2 weeks and upto Rs. 2 lakh within 4 weeks, provided the loan applications are complete in all respects,

(iii) Banks have been asked to issue `No dues certificate` whenever required, within 15 days, other-wise it is deemed to have been issued,

(iv) Banks have been advised to carry out scrutiny of rejected applications by a higher authority from their controlling/Head Offices,

(v) Banks have been advised to conduct joint recovery drives with concerned Government Departments viz. Districts Industries Centers,

(vi) All State Governments have been advised to notify PMRY dues as revenue dues under respective Revenue Recovery Acts,

(vii) State Governments have been advised to identify viable activities jointly with banks at the district level,

(viii) Banks have been instructed to set-up training institutes jointly with the State Governments by utilizing the existing infrastructure of the Industrial Training Institutes (ITIs) and Small Industries Service Institutes (SISIs).

(ix) Banks have been advised that Self Help Groups (SHGs) could be considered for financing under PMRY provided all the members

individually satisfy the eligibility criteria under the Scheme,

(x) The performances of the banks are critically reviewed periodically in different fora such as DCC/DLRC/SLBC.

(e) & (f) ; As on March 2005, the percentage of All-India recovery under PMRY has been 35.2 per cent. In some of the States the recovery rate is less than 30 per cent. The reasons for the low rate of recovery are high failure rate among first generation entrepreneurs, lack of infrastructure, inconsistent quality of products, inadequate marketing support etc. The following steps have been taken to improve loan recovery under PMRY

1. State/UTs have been requested to notify the PMRY loan overdues as revenue under the Public Debt Recovery Act.

2. Joint recovery drives by the banks along with officers of the concerned District Industries Centres.

3. Filing of the First Information Report (FIR) against mis-utilization of loans and willful defaulters under PMRY.

4. To provide, as an incentive, additional targets to States under PMRY whose loan recovery performance is better.

5. Less allocation of targets to States where recovery is below 30 percent.